

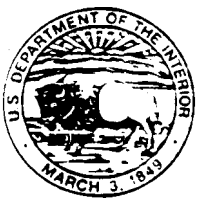


U.S. Department of the Interior
Office of Inspector General

AUDIT REPORT

**ADMINISTRATIVELY
UNCONTROLLABLE OVERTIME,
DEPARTMENT OF THE INTERIOR**

**REPORT NO. 97-I-548
FEBRUARY 1997**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Washington, D.C. 20240

FEB 27 1997

MEMORANDUM

TO:

The Secretary

FROM:

Wilma A. Lewis
Inspector General

SUBJECT SUMMARY:

Final Audit Report for Your information - Administratively
Uncontrollable Overtime, Department of the Interior"
(No. 97-I 548)

Attached for your information is a copy of the subject **final** audit report. The objective of the audit, which was required by the Omnibus Consolidated Appropriations Act of 1997 (Public Law 104-208), was to determine whether the **Department** of the interior's eligibility criteria for administratively uncontrollable overtime and the payment of such overtime were in compliance with Federal statutory and regulatory requirements.

We found that the Department did not ensure that eligibility criteria and payment of administratively uncontrollable overtime were in compliance with applicable regulations. As a result, three of the five bureaus using this form of premium pay had no support for their currently authorized rate of administratively uncontrollable overtime pay; some employees at two bureaus may have received excess payments totaling as much as \$70,000 because of rate computation methods; and some employees at the bureaus may have received premium pay for work that did not meet Federal eligibility requirements. Although we concluded that the Department should improve its controls over the use of administratively uncontrollable overtime, we found no evidence that the bureaus or their employees systematically abused this form of premium pay.

The **Acting** Director of Personnel for the Office of the Secretary concurred with our recommendation to issue policies and procedures for the use of administratively uncontrollable overtime in accordance with revised guidelines to be issued by the Office of Personnel Management under the Act: the bureaus concurred with our recommendation to issue procedures to implement and ensure **compliance** with **Departmental** guidelines; and the Assistant **Secretary** for **Indian** Affairs concurred with our recommendation to discontinue the use of administratively uncontrollable overtime for employees whose work does not meet Federal and **Departmental** eligibility requirements.

Based on these responses, we considered the recommendations relating to the issuance of Departmental policies and procedures for administratively **uncontrollable** overtime and the

discontinuance of use of this form of overtime for ineligible work to be resolved. However, we requested additional information from the Director of the Bureau of Land **Management** on the recommendation relating to the issuance of and compliance with bureau **guidelines** on the overtime.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams. Acting Assistant inspector General for Audits, at (202) 208-4252.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

FEB 27 1997

AUDIT REPORT

Memorandum

To: Assistant Secretary - Policy, Management and Budget
Assistant Secretary - Indian Affairs
Assistant Secretary - Fish and Wildlife and Parks
Assistant Secretary - Land and Minerals Management
Assistant Secretary - Water and Science

From: Robert J. Williams *Robert J. Williams*
Acting Assistant Inspector General for Audits

Subject: Audit Report on Administratively Uncontrollable Overtime, Department of the Interior (No. 97-I-548)

INTRODUCTION

This report presents the results of our audit of the Department of the Interior's use of administratively uncontrollable overtime. The objective of the audit, which was required by the Omnibus Consolidated Appropriations Act, 1997 (Public Law 104-208), dated September 30, 1996, was to determine whether the Department's eligibility criteria for administratively uncontrollable overtime and the payment of such overtime were in compliance with Federal statutory and regulatory requirements.

BACKGROUND

The United States Code (5 U.S.C. 5545(c)(2)) authorizes premium pay on an annual basis for Federal employees who are in positions in which the hours of duty cannot be controlled administratively; in which the employee is required to perform substantial amounts of irregular, unscheduled overtime duty; and in which the employee generally is responsible for recognizing, without supervision, circumstances that require the employee to remain on duty. Work that meets these criteria for premium pay is referred to as administratively uncontrollable overtime.

Federal guidelines for implementing administratively uncontrollable overtime are contained in Title 5, Section 550, of the Code of Federal Regulations. The Code authorizes the use of this premium pay only for those employees "who must remain on duty not merely because

it is desirable, but because of compelling reasons inherently related to continuance of his duties, and of such a nature that failure to carry on would constitute negligence.” The Code further states that the amount of pay should be based on a percentage of not less than 10 percent or more than 25 percent of the employee’s base pay as follows:

<u>Average Weekly Overtime Hours</u>	<u>Premium Pay Rate</u>
3 to 5	10 percent
Over 5 to 7	15 percent
Over 7 to 9	20 percent
Over 9	25 percent

The percentage of pay is to be based on consideration of previously worked irregular or occasional overtime hours and any other information bearing on the number of hours of duty that may reasonably be expected in the future. Employees who receive administratively uncontrollable overtime pay are also eligible for other types of premium pay, such as regular overtime, night differentials, and Sunday or holiday pay. For law enforcement personnel, administratively uncontrollable overtime is included as part of their basic pay for determining retirement and life insurance benefits.

In September 1994, the Congress passed the Law Enforcement Availability Pay Act of 1994 (Public Law 103-329), which provided for the mandatory payment of 25 percent of base pay to criminal investigators who work or are available to work an average of 2 hours of unscheduled duty per regular workday. As a result of this law, availability pay superseded administratively uncontrollable overtime for criminal investigators. Our review did not cover the Department’s use of availability pay.

The 1997 Omnibus Consolidated Appropriations Act required the Inspectors General of each Federal department or agency that uses administratively uncontrollable overtime to conduct an audit on the use of this type of overtime. Specifically, the Act required that policies, extent, costs, and other relevant aspects of the use of administratively uncontrollable overtime be examined and that a determination be made as to whether eligibility and payment criteria were in compliance with Federal statutory and regulatory requirements. The Act also required the Office of Personnel Management, after receipt of the audit reports from the Inspectors General, to issue revised guidelines that:

- (1) limit the use of administratively uncontrollable overtime to employees meeting the statutory intent of section 5545(c)(2) of title 5, United States Code, and (2) expressly prohibit the use of administratively uncontrollable overtime for - (A) customary or routine work duties; and (B) work duties that are primarily administrative in nature, or occur in noncompelling circumstances.

SCOPE OF AUDIT

The scope of our audit was limited to administratively uncontrollable overtime payments made to Departmental employees for fiscal year 1996. Because payments to some employees were based primarily on records of prior year administratively uncontrollable overtime work, our audit included a review of activities that occurred in fiscal year 1995. In performing the audit, we reviewed Federal, Departmental, and bureau guidance and regulations on the use of administratively uncontrollable overtime and bureau records that supported the eligibility for and approval of administratively uncontrollable overtime payments. We also reviewed the payroll records of selected employees who received this premium pay and interviewed bureau officials who were responsible for issuing and implementing premium pay policy and determining eligibility for these payments. Because some bureaus did not maintain records on administratively uncontrollable overtime pay, we relied on information from the Department's automated payroll system, PAY/PERS, to identify the amount of administratively uncontrollable overtime payments made in fiscal year 1996 and used listings generated by PAY/PERS to select employees for review. Although we did not verify the accuracy of PAY/PERS payroll information, prior Office of Inspector General audits of PAY/PERS did not find any significant deficiencies in the system. In addition, during this audit, we found no indication that PAY/PERS information was materially misstated. However, we found that PAY/PERS information did not include administratively uncontrollable overtime payments totaling \$4,998 made to nine Park Service employees. Based on PAY/PERS data and on additional information provided by the Park Service, we identified 91 employees in five bureaus who received \$500,534 of administratively uncontrollable overtime pay in fiscal year 1996 (see Appendix 1).

Our audit was conducted from November 1996 through January 1997. The Departmental and bureau offices visited or contacted are listed in Appendix 2.

Our audit was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of the audit, we evaluated the system of internal controls over the Department's use of administratively uncontrollable overtime. We found that some bureaus had not issued adequate guidance on the use of administratively uncontrollable overtime, had not maintained sufficient documentation to support eligibility determinations, and had not established uniform methods for computing pay rates for administratively uncontrollable overtime pay. These internal control weaknesses are discussed in the Results of Audit section of this report. The recommendations, if implemented, should improve the internal controls in the use of this premium pay.

We also reviewed the Department of the Interior's Annual Statement and Report, required by the Federal Managers' Financial Integrity Act of 1982, for calendar years 1994 and 1995 and determined that no material weaknesses directly related to the objective and scope of our audit were reported.

PRIOR COVERAGE

During the past 5 years, the Office of Inspector General has issued one audit report and the General Accounting Office issued a letter report in response to a Congressional request for information on administratively uncontrollable overtime as follows:

- The September 1994 audit report entitled "Selected Law Enforcement Activities, Bureau of Land Management" (No. 94-I-1351) stated that 58 of the Bureau of Land Management's 63 field Special Agents received the maximum amount of administratively uncontrollable overtime pay allowed by law, even though their extra duty hours did not qualify for this type of premium pay. In response to the report's recommendations, the Bureau said that State Directors would take action to ensure that Special Agents' use of administratively uncontrollable overtime was properly approved in compliance with Bureau policy. Based on the response, we considered the recommendations resolved.

- An April 14, 1995, letter report by the General Accounting Office to a Congressional representative provided information on the management of administratively uncontrollable overtime in the U.S. Forest Service, the Bureau of Land Management, and the National Park Service. The report stated that the three agencies generally administered their administratively uncontrollable overtime in accordance with the criteria established by law and Office of Personnel Management regulations. The report also stated that while some field office law enforcement officers claimed administratively uncontrollable overtime for duties that did not appear to meet the compelling need requirement, the General Accounting Office found no basis for concluding that employees "systematically abused" their agencies' programs.

RESULTS OF AUDIT

The Department of the Interior did not ensure that eligibility criteria and payment of administratively uncontrollable overtime were in compliance with applicable regulations. This occurred because the Department had not updated its guidance on administratively uncontrollable overtime and because Departmental and bureau guidance (except for that of the U.S. Fish and Wildlife Service) did not provide sufficient procedures for preparing and maintaining documentation to support administratively uncontrollable overtime payments, computing premium pay rates for employees, establishing employee eligibility, or reviewing and approving these overtime payments. Also, in some instances, bureaus did not comply with bureau-issued guidance on the use of administratively uncontrollable overtime. As a result, three bureaus had no support for their currently authorized rate of administratively uncontrollable overtime pay; some employees at two bureaus may have received excess payments totaling as much as \$70,000 because of rate computation methods; and some employees at the five bureaus may have received this premium pay for work that did not meet Federal eligibility requirements. Accordingly, the Department did not have assurance that administratively uncontrollable overtime payments were appropriate and computed properly. Although we concluded that the Department should improve its controls over the

use of administratively uncontrollable overtime, we found no evidence that the bureaus or their employees systematically abused this form of premium pay.

Departmental Guidance

Departmental guidance on the use of administratively uncontrollable overtime is contained in the Departmental Manual (370 DM 550, 1.11). The guidance, issued in June 1967, states that administratively uncontrollable overtime pay is available on an annual basis and describes the general eligibility requirements for the pay, the amount of compensation available (15 percent of base pay), and the minimum period (at least every 6 months) for reviewing the use of previously approved administratively uncontrollable overtime. The guidance, however, is outdated and does not provide details on implementing the Federal regulations on administratively uncontrollable overtime pay. Since issuance of Departmental guidance, Federal regulations (5 CFR 550.154, revised January 1992) have been issued that provide for administratively uncontrollable overtime pay to be available at rates ranging from 10 to 25 percent of base pay.

Bureau Guidance

Except for the U.S. Fish and Wildlife Service, none of the bureaus had issued adequate guidance on the use of administratively uncontrollable overtime.

U.S. Fish and Wildlife Service. Of the five bureaus using administratively uncontrollable overtime, the Service was the only bureau to have issued complete and detailed guidance on its use. The Service's Personnel Management Manual (225 FW 8) includes a complete discussion of Code of Federal Regulations provisions governing the use of administratively uncontrollable overtime; describes employee responsibilities for implementing this overtime; and establishes a system for documenting and controlling overtime use. The Manual also provides for annual certification and verification reports; monthly reports on work that qualifies for administratively uncontrollable overtime pay; and diaries to detail the nature of overtime work performed, including a description of the "compelling reasons" for use of administratively uncontrollable overtime. The Manual further requires that monthly reports provide sufficient information to "enable the supervisor to make an informed determination concerning the eligibility of the duty" for this premium pay.

Bureau of Land Management. The Bureau's Division of Fire and Law Enforcement issued guidance on administratively uncontrollable overtime, Instruction Memorandum No. 93-2023, which describes administratively uncontrollable overtime provisions as defined in Federal regulations; describes the duties of responsible personnel; and provides for a system of documentation and control. Although the guidance requires that annual and weekly reports be prepared to document the number of hours spent on administratively uncontrollable overtime work, the guidance requires only a general description of the work performed and does not require sufficient detail to ensure that the work meets Federal requirements. In addition, the Bureau does not require other substantiating documentation,

such as the daily diaries required by the Fish and Wildlife Service, to support overtime worked. As such, the Bureau does not maintain sufficient information to document that the work meets Federal requirements for the use of administratively uncontrollable overtime.

National Park Service. Park Service policy on administratively uncontrollable overtime is contained in National Park Service Personnel Management Letter No. 92-20. The policy references Code of Federal Regulations provisions for the use of administratively uncontrollable overtime and states that the authority for approval of administratively uncontrollable overtime may be delegated to “as low a level as is practicable.” The policy also requires that the use of this premium pay be “clearly documented so that there is an ‘audit trail’ to be followed.” However, the policy does not specify the method to be used to compute the premium pay or require periodic supervisory reviews of the overtime work or of the premium pay rates.

Bureau of Indian Affairs. The Bureau of Indian Affairs Personnel Management Manual (44 BIAM 550) contains limited guidance on administratively uncontrollable overtime. This guidance briefly summarizes the general requirements for eligibility contained in Federal regulations but does not specify the method to be used to compute the premium pay or provide for a system of documentation and control for recording and reporting administratively uncontrollable hours worked or for periodic supervisory reviews of overtime rates paid.

U.S. Geological Survey. The Geological Survey has not issued any guidance on the use of or the controls over administratively uncontrollable overtime.

Rate Determination

Federal regulations require that annual rates of payment for administratively uncontrollable overtime be based on the average weekly number of irregular or occasional overtime hours worked. However, only two of the bureaus (the Fish and Wildlife Service and the Bureau of Land Management) performed analyses to support the rates at which administratively uncontrollable overtime was paid. Notwithstanding these analyses, the rates used by the two bureaus may provide employees with excess or inequitable amounts of premium pay. The three other bureaus either had not performed recent rate analyses or had no basis for the rate at which administratively uncontrollable overtime was paid.

U.S. Fish and Wildlife Service. To establish fiscal year 1996 premium pay rates, the Service computed the average number of administratively uncontrollable overtime hours worked each week: the total number of overtime hours worked in the previous 6-month period was divided by the total number of base weeks of work during that prior period. The number of base weeks, however, excluded hours charged to sick, annual, or other leave; training; temporary assignments; and other “nonqualifying work,” even though employees received the premium pay during such periods. We found no citations in the Federal regulations that addressed the exclusion of these hours from the rate computation.

We concluded that the computational method used by the Service inflates the average number of overtime hours worked and may result in excess premium pay or in inequities in employee compensation for the same amount of overtime work, depending on the amount of holiday, leave, training, temporary assignments, and other nonqualifying work that has been excluded from the base hours used to compute premium pay rates.¹ (The potential effect of the Service's computational method is illustrated in Appendix 3.) Based on our review of the 33 Service employees who received administratively uncontrollable overtime pay in fiscal year 1996, we estimated that 15 of those employees received excess payments totaling \$33,000 during this period.

Bureau of Land Management. The Bureau used the same method as that used by the Fish and Wildlife Service to compute the premium pay rates except that it did not deduct time spent on temporary assignments from the base hours used to compute the average overtime hours. For 15 of the 27 Bureau employees reviewed, we estimated that excess payments totaling as much as \$37,000 were made in fiscal year 1996 as a result of the Bureau's practice of deducting nonduty hours from the base hours used to compute the administratively uncontrollable overtime pay rate.

National Park Service. At Kings Canyon National Park at Three Rivers, California, the only park unit using administratively uncontrollable overtime, the Park Service had not performed a recent analysis of historical or future estimated overtime work to justify the prevailing 10 percent premium pay rate. The most recent rate analysis was based on fiscal year 1992 overtime use. Also, instead of computing a separate rate for each employee, a single pay rate of 10 percent was computed and authorized for all eligible employees at the Park. Our analysis (four pay periods in fiscal year 1996 were sampled) of the payroll records of 5 of the 16 employees who received administratively uncontrollable overtime pay showed that the average overtime work of each employee ranged from less than 3 hours per week to over 9 hours per week. As such, some employees may have been entitled to rates of overtime pay higher than the authorized 10 percent rate, and some employees may have performed an insufficient amount of overtime work to qualify for any administratively uncontrollable overtime pay in accordance with Federal regulations. According to a Park official, a uniform rate was used to prevent disputes among employees over pay because different assignments in the park provided employees with the opportunity to earn greater or lesser amounts of overtime pay.

Bureau of Indian Affairs. The Bureau did not have documentation to support the validity of the premium pay rates for the 11 employees who received administratively uncontrollable overtime pay during fiscal year 1996. Bureau documents showed that the rates, which ranged from 10 to 25 percent of basic pay, have been in effect since at least June 1983, and there was no record that reviews had been performed since that time on

¹ For example, two employees worked about 112 hours of overtime in the prior 6-month period. One of the employees received a 15 percent rate of premium pay while the other received a 25 percent rate. The employee who received the higher rate had a great amount of nonduty time (such as training) excluded from the base hours on which his overtime rate was computed.

administratively uncontrollable overtime use. Two of the three responsible supervisors said they were unaware of the requirement that premium pay rates were to be reviewed periodically.

U.S. Geological Survey. The Geological Survey had no documentation to support the validity of the 10 percent administratively uncontrollable overtime rate paid to its four employees in fiscal year 1996. According to Geological Survey officials, the rate was established in fiscal year 1986 and had not been adjusted since that time. The Geological Survey justified use of the 10 percent rate, stating that each of the employees was required to perform an average of over 3 hours of overtime per week. The responsible official stated that he was unaware that premium pay rates were to be reviewed periodically.

Documentation

Three of the five bureaus documented administratively uncontrollable overtime use. However, none of the bureaus maintained sufficient documentation to ensure that the overtime work met Code of Federal Regulations eligibility requirements for the use of administratively uncontrollable overtime.

U.S. Fish and Wildlife Service. In compliance with Service policy, employees prepared diaries to document their administratively uncontrollable overtime use. However, some diaries contained entries for overtime work that did not qualify as administratively uncontrollable overtime. Also, contrary to Service policy, some diaries contained insufficient information to determine whether the work qualified as administratively uncontrollable overtime, and none of the diaries reviewed contained evidence of random supervisory review. We reviewed 455 entries in which nine employees recorded administratively uncontrollable overtime use. For 7 entries, we found that the work was ineligible for administratively uncontrollable overtime pay (for example, travel and “unscheduled office return for paperwork”); for 162 entries, there was insufficient information to determine whether the overtime met Federal eligibility requirements (for example, “refuge patrol” and “phone conversation re: case update”); and for 117 entries, there was no diary entry to support the overtime hours recorded in monthly reports. The remaining 169 entries showed that the work qualified for administratively uncontrollable overtime pay (for example, continued surveillance of an individual suspected of hunting without a required permit).

Bureau of Land Management. We reviewed 540 entries of administratively uncontrollable overtime use that were recorded by 11 employees in their weekly activity reports and identified 500 entries in which there was insufficient information available to determine whether the work qualified for the premium pay and 27 entries in which the work was ineligible for the premium pay (for example, a staff meeting). Unlike the Service, the Bureau did not require that daily diaries or other logs be maintained to further document the circumstances and compelling reasons for working the additional hours. The remaining 13 entries showed that the work qualified for administratively uncontrollable overtime pay (for example, a security check in response to a bomb threat).

National Park Service. We reviewed the activity logs of five employees at Kings Canyon National Park at Three Rivers, California, who received premium pay in fiscal year 1996 and determined that their overtime work met the Federal criteria for administratively uncontrollable overtime (for example, protecting park visitors from a bear). The logs recorded the type and duration of administratively uncontrollable overtime work performed. Also, the Park Service had prepared memorandums that justified the use of administratively uncontrollable overtime by rangers performing backcountry duties and that listed the employees eligible to receive this pay.

Bureau of Indian Affairs. The Bureau did not maintain documentation to support the qualifying hours worked by the four employees who were selected for review. With no record of the actual amount of overtime worked, we could not determine whether employees were eligible for the premium pay or were paid the appropriate rate. For example:

- Eight irrigation system operators and one hydrologic technician at the Phoenix Area Office received administratively uncontrollable overtime pay totaling \$22,470, while irrigation system operators at the Portland Area Office, who performed the same or similar work, received regular overtime pay. According to personnel officials at the Phoenix Office, none of these employees were eligible for administratively uncontrollable overtime pay because the overtime work could be scheduled and the work was performed on a regular basis. No documentation had been prepared to justify the use of administratively uncontrollable overtime by the Phoenix Office employees, and no records were maintained to show the number of overtime hours worked.

- Two police officers received administratively uncontrollable overtime pay totaling \$7,736 in fiscal year 1996. According to personnel officials, these employees were not eligible to receive this pay because other types of overtime pay should have been used. The officials stated that an “erroneous personnel action” and a “coding error” caused the improper payments and that the Bureau planned to recover these overtime payments from the employees.

U.S. Geological Survey. The Geological Survey had four computer center employees who received administratively uncontrollable overtime pay in fiscal year 1996. These employees were on “pager duty” 1 out of every 4 weeks, during which time they would be paged by the system when it was malfunctioning or by customers who had questions or problems. The employees also were required to verify that the system was operational by remote computer access from their residences at least once a day. The Geological Survey had no documentation to support the administratively uncontrollable overtime hours worked by these employees, and no written justification was prepared and no records were maintained to show that the work met Federal eligibility requirements for the use of the premium pay.

Departmentwide Use of Administratively Uncontrollable Overtime

Overall, we found no indication that the deficiencies identified in the use of administratively uncontrollable overtime have resulted in significant amounts of excess overtime payments with the exception of the excess payments (\$70,000) resulting from the method used by the Fish and Wildlife Service and the Bureau of Land Management to compute the administratively uncontrollable overtime pay rate. Relatively few Departmental employees are authorized to use administratively uncontrollable overtime, and some of the employees who received excess or inappropriate administratively uncontrollable overtime pay may have been eligible to receive regular or other types of overtime pay. Nonetheless, based on the deficiencies cited in this report, we believe that the Department should take action to ensure that administratively uncontrollable overtime is used in a manner that is consistent with applicable Federal regulations and with revised Office of Personnel Management guidelines, which are required by Public Law 104-208.

Recommendations

We recommend that:

1. The Assistant Secretary for Policy, Management and Budget issue policies and procedures which are consistent with the Office of Personnel Management's revised guidelines on the use of administratively uncontrollable overtime and which:

Establish criteria on eligibility and rate setting that are consistent with Code of Federal Regulations provisions for administratively uncontrollable overtime use.

Provide for a standardized, Departmentwide method for computing administratively uncontrollable overtime rates, including a definition of base hours used to compute the overtime rate and a requirement for a periodic updating of the rate.

Require bureaus to prepare and maintain documentation to show that employees authorized to use administratively uncontrollable overtime have met the eligibility requirements contained in the Code of Federal Regulations.

Require bureaus to document their reasons for using an administratively uncontrollable overtime rate that differs from the rate of historical overtime work.

Require bureaus to perform supervisory reviews to ensure that administratively uncontrollable overtime use meets Federal and revised Departmental requirements.

2. The Director of the U.S. Fish and Wildlife Service, the Director of the National Park Service, the Director of the Bureau of Land Management, the Assistant Secretary for Indian Affairs, and the Director of the U.S. Geological Survey provide for the issuance of procedures to implement the Departmental guidelines and to ensure compliance with those guidelines.

3. The Assistant Secretary for Indian Affairs ensure that the use of administratively uncontrollable overtime is discontinued for irrigation system operators, hydrologic technicians, and police officers for work that does not meet Federal and Departmental eligibility requirements.

Department of the Interior Response and Office of Inspector General Reply

For Recommendation 1, we received a response from the Office of Personnel, Office of the Secretary (February 24, 1997) (Appendix 4). For Recommendation 2, we received responses from the U.S. Fish and Wildlife Service (February 24, 1997) (Appendix 5); the U.S. Geological Survey (February 18, 1997) (Appendix 6); the National Park Service (February 20, 1997) (Appendix 7); and the Assistant Secretary for Indian Affairs (February 21, 1997) (Appendix 8) (this response also addressed Recommendation 3). We also received comments on Recommendation 2 from the Bureau of Land Management at our February 21, 1997, exit conference but did not receive a formal reply. Based on these responses and comments, we consider Recommendations 1 and 3 resolved but not implemented. Accordingly, these two recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation. However, additional information is needed from the Bureau of Land Management for us to consider Recommendation 2 fully resolved (see Appendix 9).

Regarding Recommendation 2, the U.S. Fish and Wildlife Service, the U.S. Geological Survey, the National Park Service, and the Bureau of Land Management all agreed to issue procedures to implement Departmental guidelines on the use of administratively uncontrollable overtime. Although the response from the Assistant Secretary for Indian Affairs stated that the Bureau of Indian Affairs “partially concurs” with the recommendation, the response stated that it is “highly probable that no BIA [Bureau of Indian Affairs] positions will qualify for AUO [administratively uncontrollable overtime] and that the revised OPM [Office of Personnel Management] regulations and implementing instructions from the Department will be sufficient.” The response from the Assistant Secretary further stated, “The cost of establishing further administrative controls and reviewing the compliance with these controls would outweigh any possible benefits to be derived from such additional administrative actions.” We agree that the Bureau does not need to develop formal procedures if it determines that no employees qualify for administratively uncontrollable overtime. However, if the Bureau decides to continue using or to implement use of the premium pay in the future, formal procedures should be developed.

Additional Comments on Report

Although the Park Service agreed to develop procedures to implement the Department’s guidelines for computing administratively uncontrollable overtime rates, the Park Service stated that the “few NPS [National Park Service] employees receiving AUO [administratively uncontrollable overtime] in the past do not, arguable, justify performing rate analyses at the Service level.” The Park Service also stated that the 10 percent rate

currently in effect “appears quite modest.” As discussed in the report, we believe that the use of the 10 percent rate may have resulted in inappropriate amounts of overtime payments. Specifically, based on individual records of administratively uncontrollable overtime work, we found some employees who may not have qualified for the 10 percent rate and some who may have qualified for a rate higher than 10 percent. We do not agree with the statement that the use of the 10 percent rate “to prevent disputes arising from different assignments seems reasonable.” Instead, we believe that the rate should be in compliance with regulatory requirements. Therefore, we believe that analyses of overtime work must be performed for each employee to ensure that proper premium pay rates are established in accordance with applicable regulations.

The Park Service also said that the statement in our report that coding errors made by the Park Service resulted in PAY/PERS not including \$4,998 is “misleading” because the “inherent problems in the PAY/PERS system” caused this problem. Accordingly, because a review of the controls in PAY/PERS was beyond the scope of our audit, we have revised the report to delete reference to the cause of this problem.

In her response, the Assistant Secretary for Indian Affairs said that the report should be revised to place the use of administratively uncontrollable overtime by the Department in the proper context, stating that: (1) the 91 employees and the \$500,534 in overtime payments represent a small percentage of the Department’s employees and salaries, respectively, and (2) these payments “do not meet the audit threshold for materiality.” While we are aware of the relatively limited use of administratively uncontrollable overtime in the Department, as acknowledged in the report, we believe that adequate controls are essential to ensure that potential abuses within the Department are prevented. In addition, we do not know what “audit threshold of materiality” is being referred to in the Assistant Secretary’s response, but we believe that there is no materiality threshold when the potential exists for fraud, waste, and abuse.

Other Matters

We found that relatively few employees in the Department of the Interior received administratively uncontrollable overtime pay during fiscal year 1996. However, our discussions with bureau officials indicated that some bureaus may be using different forms of overtime compensation for employees in the same positions or for employees who perform similar duties. For example, at the Geological Survey, we found employees who received stand-by pay rather than administratively uncontrollable overtime pay for overtime work spent on pager duty. Also, only one of the Fish and Wildlife Service’s seven regions (the Southeastern Region) was using administratively uncontrollable overtime pay for its refuge law enforcement officers, and not all law enforcement officers in the Bureau of Land Management were receiving this form of premium pay. In both of these bureaus, employees in similar positions to those who received administratively uncontrollable overtime pay were compensated for overtime work through regular overtime pay or with compensatory time off.

Our review was limited to the use of administratively uncontrollable overtime and did not include an evaluation of the use of other forms of premium pay. However, we believe that the bureaus should evaluate the cost effectiveness, equity, and propriety of providing employees in the same positions with different types of premium pay for their overtime work.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting that the Director, Bureau of Land Management, provide a written response to this report by May 2, 1997. The response should include the information requested in Appendix 9.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the cooperation of Departmental and bureau officials in the conduct of our audit.

cc: Director, U.S. Fish and Wildlife Service
Director, National Park Service
Director, Bureau of Land Management
Director, U.S. Geological Survey

**EMPLOYEES RECEIVING ADMINISTRATIVELY
UNCONTROLLABLE OVERTIME PAY
IN FISCAL YEAR 1996**

<u>Bureau/Position</u>	<u>Number of Emnlovees</u>	<u>Amount</u>
U.S. Fish and Wildlife Service		
Wildlife Biologist	11	\$ 118,971
Refuge Law Enforcement Officer	19	131,902
Refuge Operations Specialist	1	676
Police Officer	1	4,544
Hydrologic Technician	<u>1</u>	<u>5,285</u>
	33	261,378
 Bureau of Land Management		
Law Enforcement Ranger	27	180,552
 Bureau of Indian Affairs		
Irrigation System Operator	8	19,365
Hydrologic Technician	1	3,105
Police Officer	2	<u>10,881</u>
	11	33,351
 National Park Service		
Law Enforcement Ranger	16	9,302
 U.S. Geological Survey		
Technical Editor	1	2,531
Computer Specialist	1	3,729
Hydrologist	1	5,300
Electronics Technician	<u>1</u>	<u>4,391</u>
	4	15,951
 Total	<u>91</u>	<u>\$ 500,534</u>

OFFICES VISITED OR CONTACTED

<u>Offices</u>	<u>Location</u>
Office of the Secretary	
Office of Financial Management	Washington, D.C.
Office of Personnel	Washington, D.C.
U.S. Fish and Wildlife Service	
Washington Office	Washington, D.C.
Denver Regional Office	Denver, Colorado
Headquarters Region 9*	Arlington, Virginia
North Central Regional Office	Ft. Snelling, Minnesota
Pacific Regional Office	Portland, Oregon
Southeast Regional Office*	Atlanta, Georgia
Southwest Regional Office	Albuquerque, New Mexico
Alaska Regional Office	Anchorage, Alaska
Bureau of Land Management	
Washington Office	Washington, D.C.
Arizona State Office	Phoenix, Arizona
Wyoming State Office	Cheyenne, Wyoming
Utah State Office	Salt Lake City, Utah
Nevada State Office	Reno, Nevada
Grand Junction District Office	Grand Junction, Colorado
Craig District Office	Craig, Colorado
Las Cruces District Office	Las Cruces, New Mexico
Medford District Office	Medford, Oregon
Montana State Office	Billings, Montana
National Park Service	
Washington Office*	Washington, D.C.
Accounting Operations Division	Reston, Virginia
Alaska Area Field Office	Anchorage, Alaska
Intermountain Area Field Office	Denver, Colorado
Midwest Area Field Office	Omaha, Nebraska
National Capital Area Field Office	Washington, D.C.
Northeast Area Field Office	Philadelphia, Pennsylvania
Pacific West Area Field Office	San Francisco, California
Southeast Area Field Office	Atlanta, Georgia

* Sites visited

<u>Offices (continued)</u>	<u>Location</u>
Bureau of Indian Affairs	
Office of Audit and Evaluation	Washington, D.C.
Denver Field Office	Denver, Colorado
Phoenix Area Office	Phoenix, Arizona
Colorado River Agency	Poston, Arizona
San Carlos Irrigation Project	Coolidge, Arizona
Albuquerque Area Office	Albuquerque, New Mexico
Portland Area Office	Portland, Oregon
U.S. Geological Survey	
Office of the Director	Reston, Virginia
Western Regional Office	Menlo Park, California
Washington District Office	Tacoma, Washington
Central Regional Office	Denver, Colorado
Bureau of Reclamation	
Denver Administrative Service Center	
PAY/PERS System Management Division*	Denver, Colorado

ANALYSIS OF U.S. FISH AND WILDLIFE SERVICE ADMINISTRATIVELY UNCONTROLLABLE OVERTIME PAY CALCULATION

The effects of the U.S. Fish and Wildlife Service's practice of excluding hours spent in **nonwork** status in computing administratively uncontrollable overtime pay rates are illustrated in the following example:

	<u>FWS Method</u>	<u>OIG Method</u>
Hours excluded from administratively uncontrollable overtime (AUO) calculation:		
Hours in a nonwork status:		
Holiday	24.00	
Leave	136.00	
Hours when AUO work was not performed:		
Formal training	64.00	
Temporary assignment	71.00	
Other nonqualifying work	87.00	
Total hours excluded from AUO base	382.00	
Days excluded from calculation (total hours divided by 8 hours)	47.75	
Weeks excluded from calculation (total days divided by 5 days)	9.55	None
Qualifying number of weeks in the computation period (Fish and Wildlife Service deducts 9.55 weeks from the 26-week computation period)	16.45	26.00
Total number of hours of AUO work	174.50	174.50
Weekly average of AUO work	10.61	6.71
AUO rate based on average weekly AUO work	25%	15%
Annual base salary	\$35,000	\$35,000
Amount of annual AUO pay	\$8,750	\$5,250



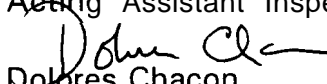
United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

EB 2 4 1997

MEMORANDUM

To: Robert J. Williams
Acting Assistant Inspector General for Audits

From: 
Dolores Chacon
Acting Director of Personnel

Subject: Response to Draft Audit Report on Administratively Uncontrollable Overtime

We have reviewed the subject draft report. We have no comment in regard to findings of fact and agree that the recommendations offered are appropriate.

All of the recommendations to the Assistant Secretary for Policy Management and Budget (Recommendation 1, pp19-20) fall under the responsibility of the Office of Personnel. In response, the Office of Personnel will:

- 1 . Develop comprehensive policy and procedural guidance to all Department Offices incorporating each of the 5 specific recommendations listed under general recommendation 1. This should be completed by September 30, 1997.
2. Publish the policy and procedural guidance in the Department manual (370 DM 532 and 550). This should be completed by January 31, 1997.

Should you have any questions in this regard, please contact Carl Wallace of my staff at 208-5284.



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240

In Reply Refer To:
FWS/DPM

Memorandum

To: Acting Assistant Inspector General for Audits

From: ~~Acting~~ Director

[Handwritten signature] FEB 24

Subject: Draft Audit Report on Administratively Uncontrollable Overtime (E-IN-MOA-023-97)

In response to your undated transmittal, following are the comments of the U.S. Fish and Wildlife Service with respect to the subject draft audit report.

The draft report recommends that the U.S. Fish and Wildlife Service provide for the issuance of procedures to implement the Departmental guidelines and to ensure compliance with those guidelines. Within 6 months of receipt of Departmental guidelines, the Service will review current administrative guidance and issue any revisions necessitated by the Departmental guidelines. This action is the responsibility of the Assistant Director - Policy, Budget and Administration.

The draft report also noted that the Service's method for computing administratively uncontrollable overtime rates may result in excess or inequitable amounts of overtime payments. Although it is correct to state that there is no authority that supports the computation of AUO in the manner employed by the Service, there does not appear to be any authority that prohibits this method of computation. Accordingly, the Service will wait until the Department provides for a standardized Departmentwide method for computing AUO and a definition of base hours used to compute the overtime rate. Within 3 months of receipt of such policy, the Service will make any necessary revisions to the current method of computing AUO for Service employees. This action is the responsibility of the Assistant Director - Policy, Budget and Administration.

It was further noted that there were entries in some AUO diaries for overtime that did not qualify as AUO, some diaries contained insufficient information to determine whether the work qualified as AUO, and none of the diaries contained evidence of random supervisory review. By March 31, 1997, the Service will issue formal notice to supervisors, as well as employees, to remind them of their responsibilities and obligations with respect to maintaining and reviewing AUO diaries. This action is the responsibility of the Assistant Director - Policy, Budget and Administration.

If you have any questions or need additional information, you may contact Juanita Knutson of the Division of Personnel Management at (202) 208-4562.



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Reston, Virginia 20192

In Reply Refer To:
Mail Stop 601

MEMORANDUM

RECEIVED
OFFICE OF THE DIRECTOR OF NEPA
IMMEDIATE

'97 FEB 20 P4:00

FEB 18 1997

To: Acting Assistant Inspector General for Audits

From: for Gordon P. Eaton *Barbara J. Ryan*
Director, U.S. Geological Survey

Subject: Draft Audit Report "Administratively Uncontrollable Overtime,
Department of the Interior" (Assignment No. E-IN-MOA-023-97)

We have reviewed the draft report and agree with the findings and recommendations suggested for the U.S. Geological Survey (USGS).

Upon issuance by the Assistant Secretary for Policy, Management and Budget of departmental guidelines and standardized methods for administratively uncontrollable rate computation, the USGS will:

- prepare and maintain documentation to support the requirements of the CFR;
- document our reasons for using administratively uncontrollable overtime;
- conduct periodic supervisory reviews to assure compliance; and
- issue procedures to implement departmental guidelines.

Questions concerning our response to the draft report should be directed to Bill Fordyce at (703) 648-7442 or by email at WFordyce@usgs.gov.



IN REPLY REFER TO

United States Department of the Interior

NATIONAL PARK SERVICE

P.O. Box 37127

Washington, D. C. 20013-7 127

APPENDIX 7
Page 1 of 2

February 20, 1997

To: Assistant Inspector General for Audits

Through: Management Officer, NPS *Frankie Song*

From: Personnel Officer, WASO *[Signature]*

Subject: NPS Comments on OIG Draft Report (E-IN-MOA-023-97)
Audit of Administratively Uncontrollable Overtime,
Department of the Interior

The draft OIG report recommends that the Department issue policies and procedures that are consistent with OPM's revised guidelines on AUO and that the bureaus issue implementing procedures. The recommendation calls for the Department to provide a standardized, Departmentwide method for computing AUO rates, including a definition of base hours used to compute the overtime rate and a requirement for a periodic updating of then rate.

The NPS agrees with the recommendation that the Department issue policies and procedures that are consistent with OPM's revised guidelines on AUO and that the bureaus issue implementing procedures. We feel that the Department should stipulate a single method, if possible, for computing AUO rates, taking into account the operations of the various bureaus.

The NPS will adopt the method to be specified by the Department for computing AUO rates, but the few NPS employees receiving AUO in the past do not, arguably, justify performing rate analyses at the Service level. NPS's published AUO policy provides guidance for NPS units' use of AUO, and SEKI's use of AUO and the 10% rate to prevent disputes arising from different assignments seems reasonable. OIG auditors informally expressed a belief that the 10% rate is probably lower than the AUO payments might be legitimately calculated, so NPS's historic use of AUO appeals quite modest. It is therefore possible that the Department's agreement with the OIG recommendation would likely generate a greater use of AUO.

The OIG's draft report's assertion (on page 5) that coding errors by NPS resulted in PAY/PERS failing to include \$4,998 is misleading. We believe the OIG report should specifically address the defective PAY/PERS report generator which relies upon a separate and different payroll coding scheme which, in addition to being duplicative of the accounting system (FFS)'s payroll coding scheme, does not appear to work very well. This may explain why, during the course of the audit, NPS's accounting system produced a greater number of listed employees than did

PAY/PERS. It is also noteworthy that PAY/PERS is scheduled to be replaced by FPPS, which is currently under systems development by the Department. At the current time, NPS is scheduled to convert to FPPS, in October 1997, although informal information suggests the schedule might be pushed back further.

These circumstances lead NPS to conclude that the accountable cause of PAY/PER's failure to generate accurate AUO reports is inherent to PAY/PERS, and not attributable to coding by bureaus.

Thank you for the opportunity to comment on the OIG draft report (E-IN-MOA-023-97).

A handwritten signature in black ink, consisting of several loops and a final horizontal stroke with a small arrow-like tip.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

FEB 21 1997

Memorandum

To: Assistant Inspector General for Audits

From: Ada E. Deer *Michael J. Anderson*
ACTING Assistant Secretary - Indian Affairs

Subject: Draft Audit Report on Administratively Uncontrollable Overtime, Department of the Interior (Assignment No. E-IN-MOA-023-97)

In response to a statutory requirement contained in the Omnibus Consolidated Appropriations Act, 1997 (Public Law 104-208), an audit was conducted of administratively uncontrollable overtime (AUO) payments in the Department of the Interior. According to the statutory requirement, the results of this audit are to be provided to the Office of Personnel Management.

Since the audit was mandated by Congress and the results will be provided to another Federal agency, we believe that the value of the report would be substantially enhanced by providing some context for the number of employees receiving AUO and for the amounts spent within DOI.

- On page 5, the report states that: “. we identified 91 employees in five bureaus who received \$500,534 of administratively uncontrollable overtime pay in fiscal year 1996.” To place this in context, we recommend adding the following sentence: “This represents just one-tenth of one percent of the Department’s employees and AUO payments represent just one-hundredth of one percent of DOI obligations for employee salaries and benefits.”
- On page 6, the report states that: “The recommendations, if implemented, should improve the internal controls in the use of this premium pay.” We suggest that the following be added: “It should be noted, however, that the AUO payments in the Department of the Interior do not meet the audit threshold for materiality.”

Two recommendations in the audit report affect the Bureau of Indian Affairs, and our responses are included below:

Recommendation 2: The Director of the U.S. Fish and Wildlife Service, the Director of the National Park Service, the Director of the Bureau of Land Management, the Commissioner of the Bureau of Indian Affairs, and the Director of the U.S. Geological Survey provide for the issuance of procedures to implement the Departmental guidelines and to ensure compliance with those guidelines.

Response: The Bureau partially concurs. As noted in the report, only 11 BIA employees, (one-tenth of one percent of total BIA employees) received AUO payments in FY 1996. The report accurately notes that the two police officers who received AUO should have been using other types of overtime and the Phoenix Area Office indicated that none of the employees in that Area should have been on AUO. It is highly probable, therefore, that no BIA positions will qualify for AUO and that the revised OPM regulations and implementing instructions from the Department will be sufficient. Of course, if the DOI guidance directs the bureaus to issue additional implementing procedures, we will comply. While we will follow-up with the Phoenix and Albuquerque Area Directors, we do not believe that it is necessary to “implement procedures to ensure compliance with these guidelines.” The BIA spent only \$33,351 on AUO in FY 1996, which is .006% of total BIA obligations for salaries and benefits. The cost of establishing further administrative controls and reviewing the compliance with these controls would outweigh any possible benefits to be derived from such additional administrative actions.

Recommendation 3: The Assistant Secretary for Indian Affairs ensure that the use of administratively uncontrollable overtime is discontinued for irrigation system operators, hydrologic technicians, and police officers for work that does not meet Federal and Departmental eligibility requirements.

Response: The Bureau concurs. Attached is a copy of a memorandum sent to the Phoenix and Albuquerque Area Directors instructing them to correct the pay status for the employees in question. We consider this recommendation to be resolved and implemented.

Attachment



IN REPLY REFER TO

United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
Washington, D.C. 20240

APPENDIX 8
Page 3 of 4



FEB 21 1997

Memorandum

To: Albuquerque Area Director
Phoenix Area Director

From: Deputy Commissioner of Indian Affairs *Linda A. Manuel*

Subject: Draft OIG Audit Report (E-IN-MOA-023-97) on Administratively Uncontrollable Overtime, Department of the Interior

The Omnibus Consolidated Appropriations Act, 1997 (Public Law 104-208), dated September 30, 1996, required all Federal agencies that use administratively uncontrollable overtime to conduct an audit to determine whether eligibility and payment criteria are in compliance with Federal statutory and regulatory requirements. After receipt of the audit reports, the Office of Personnel Management is directed to issue revised guidelines that:

- (1) limit the use of administratively uncontrollable overtime to employees meeting the statutory intent of section 5545(c)(2) of title 5, United States Code, and
- (2) expressly prohibit the use of administratively uncontrollable overtime for
 - (A) customary or routine work duties; and
 - (B) work duties that are primarily administrative in nature, nor occur in noncompelling circumstances.

The subject audit report [Attachment 1] was issued on February 6, 1997 and included findings about the 11 employees in the Bureau of Indian Affairs who received premium pay for AUO in FY 1996. The report indicates that Area Personnel Officers determined that neither the two police officers or the irrigation staff should have been on AUO. One of the recommendations contained in the report is that we "ensure that the use of administratively uncontrollable overtime is discontinued for irrigation system operators, hydrologic technicians, and police officers for work that does not meet Federal and Departmental eligibility requirements."

A copy of the current Federal regulations (5 CFR 550.101 et seq.) which control eligibility criteria and rates of pay for administratively uncontrollable overtime is provided for your information [Attachment 2]. Please review the records for the employees in your area [Attachment 3] who currently receive pay for administratively uncontrollable overtime against these regulations. If, after review of these regulations, you believe that some employees do qualify for AUO, please provide a written justification for this decision to the Director, Office of Management and Administration. A copy should be sent to the Office of Audit and Evaluation.

If, however, you concur with the audit findings that none of the employees should be receiving AUO, the appropriate personnel action should be completed prior to the end of Pay Period 7

Your prompt attention to this matter is appreciated

Attachments

[ATTACHMENTS NOT INCLUDED BY ASSISTANT SECRETARY - INDIAN AFFAIRS]

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
1 and 3	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.
2	Management concurs; additional information needed.	The Bureau of Land Management needs to provide a formal response, including the target date and the title of the official responsible for implementation.

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